

Message Text

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ORIGIN EA-12

INFO OCT-01 ISO-00 SS-15 EB-08 HA-05 TRSE-00 AID-05
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 STR-05 CEA-01
IO-13 H-01 L-03 NSCE-00 SSO-00 INRE-00 USIE-00
PA-01 PRS-01 /094 R

DRAFTED BY EA/EP:DMCCONVILLE:SRP

APPROVED BY D:MR. CHRISTOPHER

D:SOXMAN

EB/ODF:FNASH (DRAFT)

HA:MSCHNEIDER

TREASURY:WESCOUBE (DRAFT)

EA/PHL:JSARTORIUS (DRAFT)

EA:ROAKLEY

EA/RA:FBENNETT (DRAFT)

ASIA/AID/DP:DCOHEN (INFO)

-----109229 082216Z /64

O 082205Z DEC 77 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY MANILA NIACT IMMEDIATE

C O N F I D E N T I A L STATE 293419

FOR AMBASSADOR NEWSOM; INFO AMBASSADOR EDMOND USADB

E.O. 11652: GDS

TAGS:EFIN, SHUM, RP

SUBJECT: ADB BOARD CONSIDERATION OF AGUS V HYDROPOWER
PROJECT LOAN FOR THE PHILIPPINES

REF: STATE 283982

1. FOLLOWING AN INTERAGENCY REVIEW, IT WAS DECIDED ON
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DECEMBER 8 THAT THE USG SHOULD ABSTAIN ON THE 29 MILLION
DOLLAR ADB LOAN TO THE NATIONAL POWER CORPORATION OF
THE PHILIPPINES FOR THE AGUS V HYDROPOWER PROJECT WHEN
IT COMES UP FOR ADB BOARD CONSIDERATION DECEMBER 9.
TREASURY IS SENDING A SEPARATE CABLE INSTRUCTING THE US
EXECUTIVE DIRECTOR (ED) TO ABSTAIN.

2. THE BASIS FOR THE ABSTENTION IS THE SAME AS THAT FOR OUR ABSTENTION ON THE 35 MILLION DOLLAR ADB LOAN FOR THE PHILIPPINE DEVELOPMENT BANK AS DESCRIBED REFTEL. IN NOTIFYING THE GOP OF THIS ACTION, IT WILL BE SUFFICIENT FOR THE EMBASSY TO SIMPLY ALERT THE GOP THAT WE ARE ABSTAINING AGAIN FOR THE SAME REASON. TREASURY INSTRUCTIONS TO THE ED WILL INDICATE THAT WE AGAIN PREFER THAT NO STATEMENT BE MADE IN THE ADB BOARD MEETING, BUT INDICATE THAT THE ED MAY DRAW ON THE REFTEL FOR A LOW-KEY EXPLANATION TO THE BANK'S MANAGEMENT AND

KEY BOARD MEMBERS, IF HE CHOOSES TO DO SO.

3. FYI: IN THE COURSE OF THE SAME REVIEW, CLEARANCE WAS GIVEN TO TWO OTHER PROJECTS FOR THE PHILIPPINES, THE 8 MILLION DOLLAR IBRD TREE FARMING/REFORESTRATION PROJECT AND AN 8.4 MILLION DOLLAR USAID RURAL ELECTRIFICATION PROJECT, ON THE GROUNDS THEY WERE DIRECTED AT BASIC HUMAN NEEDS. (NOTE: THE IBRD LOAN STILL REQUIRES NAC CLEARANCE.) HOWEVER, WHILE THE FACT THAT YOU HAVE PERSONALLY DISCUSSED OUR HUMAN RIGHTS CONCERNS WITH PRESIDENT MARCOS WAS TAKEN INTO ACCOUNT, IT WAS DECIDED WE COULD NOT VOTE FOR THE HYDROPOWER PROJECT LOAN AT THIS TIME IN THE ABSENCE OF DEMONSTRABLE EVIDENCE OF SIGNIFICANT CHANGE IN THE HUMAN RIGHTS CLIMATE. SHOULD GOP OFFICIALS SUBSEQUENTLY

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RAISE THE QUESTION OF WHY WE ABSTAINED ON THE TWO MOST RECENT ADB LOANS BUT VOTED FOR THE IBRD TREE FARMING/REFORESTRATION LOAN, THE EMBASSY CAN NOTE THAT IN CARRYING OUT OUR POLICY WITH RESPECT TO EXPRESSING OUR CONCERN FOR HUMAN RIGHTS WE ALSO CONSIDER THE EXTENT TO WHICH PROPOSED ASSISTANCE OR OTHER ACTIONS ARE DIRECTED AT MEETING BASIC HUMAN NEEDS, A COURSE THAT IS SPECIFICALLY ENDORSED IN PERTINENT LEGISLATION.

CHRISTOPHER

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